GENERAL REPORTING INSTRUCTIONS

FOREIGN SERVICE DIVISION
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GENERAL REPORTING INSTRUCTIONS

The most important change in scheduled reporting is in increased emphasis on evaluating the current and future outlook for exports and imports in terms of their influence on United States sales. This reflects the increased emphasis in the U. S. Department of Agriculture on marketing. To secure this outlook material, most reporting officers will need to look even more to trade contacts and to an analysis of the general economic condition of the country than they have in the past.

Thus, for example, a cotton report covering the first quarter of the cotton marketing year, August through October, is not normally due in Washington until December 20. This is because December is the earliest most posts can get Governmental Statistics for October. However, the report should describe the market situation as of December and the outlook for January, as well as giving the major development of November and the statistics for October.

Since the required reporting schedule has been greatly reduced, increased dependence must be placed on voluntary reporting. Spot requests will, no doubt, also have to be made from Washington from time to time.

Facilitating Publication

It is hoped that a large number of the reports received will be published. Whenever practicable, therefore, reports should be written in such form that they can be published with a minimum of editing. The reporting instructions for individual reports are written with this in mind. With a large number of posts reporting, reports reach Washington in very considerable volume. Obviously, therefore, the less editing required the greater portion of the reports can be published. The reports which require considerable editing tend to get laid aside.

There are a number of other things the reporter can do to facilitate publication in addition to following the outlines suggested in instructions for each individual type of report:

a. Keep reports unclassified whenever possible. Classified reports require time consuming special handling. One way in which classification can frequently be avoided is to state at the beginning of the non-publishable paragraph or section "NOT FOR PUBLICATION" and at the end of the material insert "END NOT FOR PUBLICATION". The Government users can thus read a continuous story while the editor can simply strike out the "NOT FOR PUBLICATION" paragraphs when preparing the report for publication.

b. Insert relevant tables directly in the copy, but keep them reasonably short. Long tables containing information needed by the Department of Agriculture, but which may be too detailed for publication, can well be made appendices. Some tables

showing imports or exports are necessarily quite long and generally can best be made appendices with only the discussion appearing in the body of the report.

c. When references are made to previous reports or to publications, give the gist of the reference in a sentence (when this can be conveniently done). Then cite the reference report or publication in a parenthetical expression or sentence which can be struck out without disrupting the continuity of the manuscript. Do not follow this suggestion, however, in those cases where it would lead to a considerable lengthening of a report.

d. Where it can be done without extra trouble to the reporter, each major section of the report should begin with the current situation and outlook, and then work backward in time. Thus the report would highlight the most up-to-date information that can be obtained from trade and other sources and then follow it with the older, governmental statistical information.

Title of Scheduled Reports

Title should show the commodity, country, and the length of time covered, e.g. "Cotton - India - Quarterly Report". Titles of voluntary reports would continue to vary according to the nature of the contents.

Use Local Units

This requires conversions in Washington, but it is safer. However, if conversions are made for the reporter's own use, give both sets of figures.

Show conversion factors as a footnote on the bottom of page 1 of each report - i.e., number of pounds in the unit of weight used, currency exchange rate, etc. If there is more than one rate of currency exchange, indicate which should be used.

Be Specific About Terms

For example, if "tons", indicate whether short, long or metric and whether gross or net; the same applies to quantities expressed in other indefinite units. Reference to bales of cotton should indicate whether weights are gross or net and the average weight. Also be specific on prices - f.o.b. country shipping points, f.o.b. delivered processors, f.a.s. packed for export, etc.

Make Supply and Distribution Tables Balance

When statistics are considerably out of balance something is wrong and they should be rechecked. But when the reporting officer has the best available information and they still do not balance, he should use his best judgment in making adjustments and indicate what has been done to make them balance and why the particular method was chosen.

Since statistics in the supply and distribution table sometimes have to be obtained from several different sources the table should be carefully checked for internal inconsistency even when it is in balance. Have re-exports been overlooked in a country where re-exporting is usual? Even when supply and distribution tables are not required, it is well for the reporter to set up a rough one as a check on his figures. Frequently such tables have to be prepared in Washington in mid-year using the monthly figures that have been reported. All too often "disappearance" as reported exceeds "total supply".

In this same connection, reporting officers will want to be familiar with all the sources of figures reaching Washington, such as those in official publications of the country in which the officer is working, and those reported by member countries to such international organizations as the International Cotton Advisory Committee, the International Wheat Agreement, etc., and published by those organizations. When the reporting officer's figures are different from those appearing in such published sources, Washington users would like to know why, so that they are in a position to defend the reporter's estimates.

Explain Each Change of Figures

Frequently reports give a figure for an item that differs from the previous report. This problem occurs most frequently in beginning and ending stock figures. For example: Last year's report may show closing season's stocks of "12,000 metric tons", while this year's report shows opening stocks of "8,500 tons". These figures should be identical. (Previous figures will often have to be revised, but when there is a change the reporting officer should indicate why.)

When one figure in the supply and distribution table is changed, it becomes necessary to change another one to keep the account in balance. Assuming that the 8,500 metric tons stock figure was the correct one instead of 12,000, the reporter should go back and rebalance last year's table. Was consumption higher than reported? Were imports reported too high? Most divisions of the Foreign Agricultural Service keep continuous supply and distribution tables going back many years, so when a reporting officer revises his figures for a given year he should run them back for the years affected by the revisions.

Any sudden or radical variations from normal production, trade, consumption, prices, etc., should be explained to avoid uncertainty in Washington as to possible typographical error in the figures.

In forecasting, a range (of figures) can be used but it must be kept relatively narrow.

When a figure is in doubt and more than one estimate or a range is given, indicate what the author's judgment is and why. This applies particularly to historic data where a specific figure must be used to fit into a supply and distribution table.

Statistics for Back Years

Some posts have a habit of repeating many back years in their statistical tables. These are convenient to have but require extra typing and add bulk to the report. Except where new data or revisions not previously reported are given, back years are not required. The Foreign Agricultural Service keeps all the standard material tabulated on country cards which are readily available. It is helpful, however, to repeat one figure - i.e., the one for the previous period as a check to show that the figure has not been changed.

PARTIAL GLOSSARY OF TERMS USED IN COMMODITY REPORTING

The following list of terms, together with those submitted for individual commodities, may be helpful in reporting.

ACTIVE FUTURES - those futures which are being traded in at any given time.

ASK PRICE - Ask means to demand, claim, or expect remuneration or return. Ask price is the price quoted by those who wish to sell.

BARELY STEADY- Supply moderately in excess of demand and decreasing confidence on the part of sellers, but no appreciable selling at lower levels.

BASIS - Points difference over or under a designated future at which a commodity of a certain description is sold or quoted, usually the difference at any moment between the cash price and the current futures quotation often referred to as "cash basis".

BEAR - A person who believes that prices are too high and will decline; one who sells on this belief; one who speculates for a decline; to bear the market is to press sales in a concentrated manner. A certain item of news is considered bearish if it is expected to precipitate sales.

BEAR MARKET - A condition brought about in the market by large supplies and poor demand on the part of consumers wherein heavy offerings cause a decline in price.

BID - A price offered subject, unless otherwise stated, to immediate acceptance for a specific amount of a commodity; a binding offer subject to immediate acceptance on the floor of the exchange to buy a definite quantity of futures at a specified price.

BILL OF ENTRY - A document declaring and describing goods before they are landed, given by the importers to the Customhouse authorities.

BILL OF LADING, B/L - A receipt for goods shipped by rail or on board a vessel, signed by the person who contracts to carry them, or his agent, and stating the terms on which goods were delivered to and received by the vessel. A bill of lading represents the goods and its possession, when endorsed, conveys an absolute title to the goods and places them at the disposal of the buyer, subject to the claims of the shipowner for freight, etc., and to dock dues and duties.

BILL OF SALE, B/S - A formal instrument for the conveyance or transfer of title to goods and chattels. A bill of sale is void and of no effect unless registered in accordance with statute.

BREAK - To fall suddenly and markedly in price; a quick extensive decline in prices; a more or less sharp price decline.

BROKER - A dealer in money, notes, bills of exchange, commodities, contracts, etc. An individual who actually executes orders in the pits, giving up the name of the commission house for which he performs the service. An agent entrusted with the execution of an order; he may be the commission house that carries the account or a floor broker or pit broker who actually executes the order on the floor for the commission house. When reference is made to a floor broker, it is better to so call him.

BULGE - A quick decided advance in prices.

BULL - One who operates on a stock, commodity, or produce exchange in expectation of a rise in price. A person who believes that prices are too low and will advance; one who buys on this belief. A bull is one who believes in higher prices. To bull the market is to buy contracts steadily and vigorously. A certain item of news is considered bullish if it portends higher prices.

CALL - A call is an agreement giving the buyer the right to call upon the other party to deliver a certain amount of produce at a fixed price within a specified time. "On Call" purchases or sales are those where the price of the futures is <u>not</u> fixed but only the "basis".

CARRY OVER - Stock of a commodity which is available for consumption, but is not consumed during the year of production and is available for consumption the following year. Total stocks at the end of the year.

CASH COMMODITY - A commodity that is on the spot, ready for delivery or has been purchased "to arrive". Cash trading refers to the exchange of the actual commodity.

CASH-FUTURE SPREAD - Same as basis which is the difference in price between cash and futures. The normal relationship of cash to futures price is that the futures price tends to be above the cash price by the amount of the carrying charge. As the delivery month is approached, the two prices tend to come together.

COMMERCIAL STOCK - Usually referred to as stocks in commercial position. Stocks at important markets similar to but not actually the same as visible stocks.

COMMISSION - The percentage or allowance made to a factor, broker or agent for transacting business for another. Fee charged by a broker for performance of a specific duty, such as the buying or selling of commodities. The charge made by a commission house for buying or selling a commodity in the market.

COMPETITIVE PRICES - Competitive prices are those which are determined by the free and natural application of the law of supply and demand. Competitive prices are characteristic of a system of laissez faire and are those prices resulting from competition. In a price which is purely competitive, no individual buyer or seller has control of sufficient quantity nor the ability to exert influence in any way to affect the price. Purely competitive prices tend to exist when there are a large number of sellers and a large number of buyers, each of whom has equal opportunities in the market. In a competitive market any one seller could sell all that he wished without having an appreciable influence on price.

CONTRACT GRADES - A certain grade of product, as wheat or cotton, defined and established by an exchange dealing in this product, and assumed to be understood in every transaction between floor traders. The grade of the commodity specified by the rules of the exchange for delivery on a futures contract. The basic contract grade is the one deliverable at par. There may be more than one basic grade.

CONTRACT MARKET - Any board of trade or commodity exchange which has been designated by the Secretary of Agriculture to conduct a futures market.

CONTRACTS OF SALE - Agreements of sale or purchase, and agreements to sell or purchase.

CYCLICAL PRICES - Cyclical means moving cycles. In those commodities which have rather definite cycles in prices, such as wheat, it is often convenient to refer to the prices in different phases of the cycle. Usually a cycle is broken into an advancing period and a declining phase. The terms cyclical peak and cyclical low are used to indicate the turning points or divisions between those two phases of the cycle. Usually monthly and seasonal reactions in prices are distinctly different in the two phases of the price cycle.

DAILY PRICES - Daily prices refer to the price in a given market for a given day's trading. Such prices may be reported as average prices for the day or a range from the low to the high price for the day, or a top price for the day. See "nominal".

DEFAULTS - Contract not fulfilled. Sometimes erroneously used to mean when a borrower forfeits a commodity to settle a CCC loan.

DEFERRED CONTRACT - Defer, to put off until a future time, postpone, delay.

DELIVERABLE GRADES - Delivery of grades, other than the one specified

in the contract, are allowed under the rules of most exchanges. Such grades are delivered at prices above or below the price of the contract grade as determined by fixed differentials determined by the exchange. See also "contract grades".

DELIVERIES - Deliver is to give or transfer; to yield possession or control of; to make delivery of.

DELIVERY MONTH - A specified month within which delivery may be made under the terms of a futures contract. A futures contract must stipulate one of the calendar months as the month of delivery. Current delivery means delivery during the present month. Nearby delivery means the nearest active month. Distant delivery means one of the furtherest off months.

DELIVERY POINTS - Those locations designated by futures exchanges at which the commodity covered by a futures contract may be delivered in fulfillment of such contract.

DELIVERY PRICE - The price fixed by the Clearing House of an exchange at which deliveries on futures are invoiced and also the price at which the futures contract is settled when deliveries are made.

DEMAND - As used in market reports, means the desire to possess coupled with a willingness and ability to buy at a certain price. Different degrees of demand may be expressed as follows:
<u>No demand</u> - no interest in buying at any price offered.
<u>Light demand</u> - some trading but volume relatively small.

DEMURRAGE - A fine or penalty for delaying a vessel or transport conveyance beyond the time allowed by agreement or implication.

DESPATCH MONEY - A bonus paid by shipowner to charterer for loading in less time than stipulated for in Charter Party, and is usually calculated in days and fractions of a day, sometimes in hours.

DOMESTIC - Internal, within the country to which reference is made.

DOMESTIC PRICES - Domestic prices are those prevailing within a country as contrasted to prices prevailing outside the country or in world markets. As for example, we speak of the domestic price of wheat and the world price. The domestic price may or may not be related to the world price or to a price outside the country, depending upon price control operation. When a commodity such as wheat is exported from the country the price ordinarily is based upon the world market and then the domestic

price tends to be less than the world price by about the amount of the shipping cost. On the other hand, when there is a relative scarcity of a product within the country as there was for wheat in the U. S. in 1953, the domestic price of the commodity may be quite independent of world price. Under such circumstances the domestic price may be above the world price. On products which are imported into a country the domestic price tends to be higher than the world price or the price in the exporting country by about the amount of transportation charges plus tariff, import duties, etc.

FARM PRICES - Farm prices refer to the price received on the farm or the price which is paid at the country shipping point to which the farmer hauls his product. The Department of Agriculture reports such prices as the price received by farmers, or prices received by producers.

FIRM - Demand not fully satisfied at prevailing price. Sellers are confident due to existing or prospective increase in demand, or relatively lighter supplies. Prices may be unchanged or higher.

FIXED PRICES - Fixed prices are those which are determined or more definitely established than regulated prices.

FOBBING - Selling a commodity delivered on board ship or car, free of all loading expenses. Fobber, one who sells free-on-board ship or car basis.

FUTURES- A present contract for the purchase or sale of something to be delivered at a definite future time, as goods or products. A term used to designate any or all contracts covering the sale of commodities for future delivery made on an exchange and subject to its rules. Future trading refers to a type of trading in which a contract for the future delivery of a commodity is bought or sold. Future prices represent the average or consensus of judgment in the present time as to what the price of a given commodity will be at some later date. Since future prices depend upon personal judgment and since future trading is a type of trading in which a large number of transactions may occur in a very short period of time, future prices fluctuate very rapidly as compared with cash prices.

FUTURES TRADING - In futures trading one party agrees to deliver ("sell") a certain quantity of a product for delivery at some specified future time for a specified price, and the other party agrees to accept ("buy") at the future time and price.

HEDGING - A method of reducing price risks by shifting such risks to others. Hedging is accomplished by dealing in the cash and futures market at the same time. Purchases in the cash market are hedged by making a sale in the futures market and sales in the cash market are hedged

by buying in the futures market. Hedging consists in making an equal but opposite trade in futures so that the cash transaction is protected. Hedging assumes that cash and futures prices will move together.

IN TRANSIT - Loaded and moving to destination.

LOAN PRICE - The price at which growers may obtain loans from the Government.

LONG-TIME PRICES - Occasionally the long-time price is used to refer to the trend of prices over a long period of time. The length of time is usually determined by the person who is making use of the term. Such prices are usually determined or described by a trend. A trend represents the direction and movement of prices during a given period and conveys a different concept than an average of prices for a period.

LOW - The lowest price at which a trade was made during a particular period of time.

MARINE INSURANCE - A contract whereby the insurer undertakes to indemnify the assured, in manner and to the extent thereby agreed, against marine losses, that is to say, incident to marine adventure. A marine insurance policy secures an indemnity against accidents which may happen, but not against events which may happen.

MARKET - This term has several meanings, depending upon how it is used.

a. buying and selling, or either of the two.
b. the region or locality in which a commodity is bought or sold.
c. opportunity for buying or selling at the price at which a commodity is offered.
d. phase of commercial activity, such as firmness or weakness.

MARKET PRICE - Average selling price at a particular time and place.

MONTHLY PRICES - A price may represent the prices at which commodities exchanged during a given calendar month. Common ways of reporting monthly prices are an average for the month, or the top for the month. Sometimes a range from the high to the low price for the month is used. If a weighted average price is used it means that the daily figures used in compiling the monthly average were weighted by the amount of the product sold on each day during the month. A weighted average price is the total amount of money received divided by the total number of units sold.

NOMINAL - It represents an estimate of the range of prices which would have existed if a full range of variation of quality within the grade limits had been offered for sale. For example,

in the case of livestock, particularly cattle, it is difficult to record every day a price which fairly represents the level of price as compared with the previous day, since there is such a wide variation in the quality and kind of cattle offered for sale from day to day. Under these circumstances the price is reported as a nominal price.

A nominal price is one which is assumed to represent the price for a given class or quality of product. If none of that given grade or quality is sold for that day a nominal price is established to represent what the price would have been for the given grade or quality. Nominal prices may be thought of as representative or typical prices rather than prices actually determined by sales of the product. They are opinions of value when there is no actual trading of a particular commodity or specific grade or class of a commodity. Ordinarily, published prices are based upon actual transactions, but because of the practical uses made of current price information by shippers and receivers, nominal prices may be published for brief periods when there are definite expressed opinions of buyers and sellers that there have been no changes in current values from those prevailing previously.

PARITY PRICE - Parity, the quality or condition of being equal or equivalent. Parity price in the United States means the price of an agricultural product which bears the same relationship to the average price of that product during a base period that the prices now paid by the producer for things he buys bear to the prices he paid for comparable items during the same base period. Parity payments are amounts paid by the Government in order to raise the price received by the grower as near as possible to the parity price for the commodity. Parity income is that per capita net income of individuals from farming operations that bears the same relation to the per capita net income of individuals not on farms as prevailed during a certain base period. Parity is often used to express the relationship between one market and another, such as between Chicago and Liverpool.

PREMIUM - A sum in advance of or addition to the nominal or par value of anything. The differential or additional price which the seller may collect if he delivers a quality of product superior to the contract grade. Generally, the excess of a cash commodity price over a futures price or over another cash commodity price or of one futures contract price over another. For example, the excess in price at which one delivery of grain is selling over the value of another delivery. Thus, May wheat at $1.10 is said to be at a premium of 4 cents over July wheat when the price of July is $1.06.

PRICE - Terminology relative to prices indicates the types of transactions to which prices apply, that is, f.o.b., wholesale, jobbing, or retail price. Price changes - are indicated by the terms: higher, lower, or unchanged. The extent of a change may be indicated as "prices 1¢ higher", "price ½¢ lower", or "prices mostly unchanged". Where several grades or classes of a commodity are concerned and price changes are not uniform, expressions such as "prices unchanged to 2¢ lower", "prices 1¢ lower to 2¢ higher", may be used. Price ranges - if wide, should be followed by the most prevalent price within the range, if it is possible to ascertain this, such as "30-35¢, mostly 34¢".

PRICE LIMIT - The maximum fluctuation in price of a futures contract permitted during one trading session, as fixed by the rules of a contract market.

PRICE RANGE - The difference between the high and low price for a commodity during a specific period.

PRIMARY MARKETS - Important centers at which spot or cash commodities are originally accumulated for movement into commercial channels. In the grain trade, for example, they are usually large cities which receive grain direct from country shippers and other semi-terminals.

PRIMARY MOVEMENT - Receipts and shipments of commodities at primary markets.

PRIMARY POINT - Any of the large cities that receives agricultural products in large quantities direct from country shippers. Daily receipts at these places are called primary receipts. Daily shipments from these places are called primary shipments.

PRODUCERS' PRICES - Sometimes the term producers' price is used to signify the price the producer receives for his commodity. In the case of farm products the producers' price would represent the price received by the farmer or the farm price. In the case of manufactured articles the producers' price is the manufacturers' price.

PURCHASE AND SALE STATEMENT - A statement sent by a commission merchant to a customer when his futures position has been reduced or closed out. It shows the amount involved, the prices at which the position was acquired and closed out, the gross profit or loss, the commission charged, and the net profit or loss on the transaction. (Frequently referred to as "P. and S.").

QUOTATION - The naming or publishing of the current price of any commodity, also the price named. The changing prices at which commodities are being bought and sold.

RANCH - A Southwestern U. S. and Mexican term for a farm of any description (arable, pasture, poultry, fruit, etc.). Generally applied only to farms of large size. Originally used only for large unenclosed grazing areas.

RETAIL PRICES - Retail prices refer to the price in the retail market where products are sold to the consumer. Good examples of retail prices are prices in grocery stores, food shops and other retail establishments where the ultimate consumers make their purchases. Retail prices also apply to prices of products delivered directly to the consumer, such as fluid milk and similar products.

SEASONAL PRICES - Seasonal means occurring at a particular season or seasons. Seasonal prices refer to the price during a given period or season of the year and usually are related to a marketing period rather than to a part of the calendar year. The most common use of seasonal prices is for determining the high or the low during a given marketing season or period. Seasonal tops and seasonal low points are helpful in determining the amount of variation from one period to another, and also are valuable in indicating the probable trends after a turning point is reached.

SHORT - Involving or pertaining to a sale of commodities which the seller does not possess, or has not contracted for at the time of the sale. A short is one who has sold a futures contract that does not liquidate a previously bought contract for the same delivery month. In other words, he sells in expectation of buying back at a lower price. Short hedges are sales of futures made as hedges against holdings of the spot commodity, or products thereof. Short interest is the sum total of all short contracts or the owners of such contracts. A trader who has sold a commodity and has agreed to deliver it at some future time; the selling side of an open futures contract.

SPOT - In feed sales means actually loaded and ready for billing and b/l must be dated day of sale.

STEADY - Supply and demand well balanced with no appreciable changes in trend of current or prospective prices.

STEADY TO FIRM - Demand equal to or slightly in excess of available supplies, but no appreciable changes in prices. Apparent sentiment on part of some sellers is that the trend would be upward if price changes were to occur.

SURPLUS - The amount of a commodity that a country or a region within a country possesses beyond what is needed to meet its own requirements.

TECHNICAL POSITION - An intangible attribute of a market believed to result from certain actions that have occurred. It cannot be demonstrated from publicly known facts. In a sold-out market or in an over-sold market the technical position is said to be strong. On the other hand, in an over-bought market the technical position is said to be weak. The latter is due to heavy speculative buying having carried prices to a point where no further advance may be expected on the known news and a decline is probably imminent.

TON - Short ton is 2,000 pounds or 907.18486 kgs.; long ton, also called shipping ton, is 2,240 pounds or 1016.0470432 kgs.; metric ton is 2204.6223 pounds or 1,000 kgs. Register ton is 100 cubic feet.

TREND - The general indicated movement of a market either to higher or lower price. The direction prices are taking.

VOLUME OF TRADING - The total of either purchases or sales over a period of time by all traders. Ordinarily it is quoted as "sales."

WEAK - Supplies definitely in excess of demand and a general lack of confidence. Trend of prices is downward and often a feeling that further declines may occur. If no changes have occurred in already low prices, buyers are taking only immediate needs with no immediate prospects of improved demand.

WEEKLY PRICES - Prices may be reported for a weekly period. They may be averages, tops, ranges, nominal or some other arrangement of prices for the week.

WHOLESALE PRICES - Wholesale prices are those applying in the markets where products are sold in large quantities. The wholesale price in general represents the price at which the commodity is exchanged when it passes from the hands of the agent representing the consumer. It is the point at which the process known as equalization occurs.

WORLD PRICES - A world price is one which is determined by supply and demand conditions in all parts of the world. Under such circumstances, prices in different countries tend to be interrelated and tend to follow the leadership of some market which is recognized as the focus of world price making factors. For example, wheat prices before 1929 gave one of the best examples of world determined prices. Liverpool was recognized as the dominant market in wheat price making influences.